

Message Text

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41

ACTION ARA-01

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O R 131400Z MAY 76

FM AMCONSUL SAO PAULO

TO TREASURY WASHDC IMMEDIATE

INFO SECSTATE WASHDC 6934

USINFO WASHDC

AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO IMMEDIATE

AMEMBASSY MEXICO

USIA VOA MIAMI

AMEMBASSY PANAMA

UNCLAS SECTION 1 OF 2 SAO PAULO 1095

USIAC

ATTN IOP/M, IPS, IBS, RIM, ILA

STATE FOR ARA/PAF

TREASURY FOR JERRY NEWMAN

MEXICO PASS SECRETARY PARTY FOR RHATICAN

E.O. 11652: N/A

TAGS: OVIP, PFOR, ETRD, U.S., BR, CI, XM, GATT

SUBJECT: MEDIA REACTION REPPRT - SIMON LATAM TRIP - MAY 13

1. PROMINENT COVERAGE IN SAO PAULO NEWSPAPER TODAY ON SIMON'S VISIT, INCLUDES SECRETARY PRESS CONFERENCE, MEETING WITH BUSINESSMEN AND SPEECH AT AMERICAN CHAMBER OF COMMERCE LUNCHEON. EMPHASIS GIVEN TO BUSINESSMEN'S UNFAVORABLE OPINION AFTER MEETING WITH THE SECRETARY. PAPERS QUOTED BUSINESSMEN CONSIDERING SIMON "SLIPPERY" AND HIS ANSWERS "EVASIVE" AND "SHORT ON OBJECTIVITY." NEWSPAPERS ALSO POINT OUT DOUBTS RAISED BY ENTREPRENEURS REGARDING THE SYSTEM THAT WILL REPLACE THE PRESENT BRAZILIAN EXPORT SUBSIDIES. OTHER PROMINENT ITEMS OF COVERAGE INCLUDE SIMON'S UNCLASSIFIED

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PROPOSAL OF A NEW ECONOMIC COOPERATION WITH BRAZIL AND THE HUMAN

RIGHTS ISSUE.

2. MAIN HEADLINES: "SIMON PROMISES THAT HE WILL GIVE INCENTIVES TO U.S. INVESTMENTS", FRONT-PAGE, 2-COLUMN, "SIMON PROPOSES NEW PHASE OF COOPERATION," INNER BANNER, BOTH IN O ESTADO DE SAO PAULO; "(HUMAN) RIGHTS IN SIMON'S AGENDA", FRONT PAGE, 2 COLUMN, "HOW TO SUBSTITUTE (EXPORT) INCENTIVES?", INSIDE, 4-COLUMN, FOLHA DE SAO PAULO; "SIMON'S AGREEMENT LEAVES DOUBTS," FRONT-PAGE, 3-COLUMN, GAZETA MERCANTIL; "SIMON: HOW BUSINEEMEN SEE THE VISIT," ONE COLUMN, DIARIO POPULAR.

3. THREE PAPERS (O ESTADO DE SAO PAULO, DIARIO POPULAR AND DIARIO COMERCIO E INDUSTRIA) CARRIED SIMON'S SPEECH TEXT.

4. SEVERAL NEWSPAPERS CARRIED PARSKY'S ANSWER THAT HUMAN RIGHTS ISSUES WERE DISCUSSED WITH BRAZILIAN AUTHORITIES ON A NON-PRIORITY BASIS AND THAT THE PARTY RECEIVED FROM GOB A REPORT ON THIS MATTER.

5. O ESTADO DE SAO PAULO'S EDITORIAL "THE WASHINGTON GUARANTEE" SAYS SECRETARY SIMON'S VISIT PRODUCED "A CLEARLY POSITIVE BALANCE FOR BRAZIL" AND THAT "ECONOMIC RELATIONS BETWEEN BRAZIL AND THE U.S. HAVE ENTERED A NEW PHASE WHICH CONFIRMS THE RECOGNITION OF BRAZIL AS AN EMERGING POWER, NOT ONLY BY THE AMERICAN NATION BUT THE EUROPEAN COUNTRIES AS WELL." EDITORIAL CONTINUES SAYING: "IT MIGHT LOOK, AT FIRST, THAT THE BRAZILIAN GOVERNMENT CONCEDED TO AMERICAN PRESSURE AND THAT WE HAVE BEFORE US A MERELY APPARENT VICTORY FOR BRAZIL. IT IS CONVENIENT TO CLARIFY, HOWEVER, THAT IN THIS CASE THE APPPEARANCES REALLY DECEIVE. IN FACT, THE AMERICAN GOVERNMENT OFFICIALLY AGREED WITH THE BRAZILIAN THESIS THAT COUNTRIES LIKE BRAZIL NEEDED TO AWARD INCENTIVES TO THEIR EXPORTERS. THE U.S. ONLY WANTED, IN ACCORDANCE WITH TRADE ACT NORMS, THAT WE CHANGE THE NATURE OF SUCH INCENTIVES IN ORDER TO SATISFY ITS PRESSURE GROUPS. THUS, (THE U.S.) OFFICIALY ACCEPTED THE TRANSFER OF OUR INCENTIVES FROM THE TAXATION AREA TO THE CREDIT AREA. BRAZILIAN EXPORTERS WILL SUFFER NOTHING WITH THE CHANGE. ON THE CONTRARY, WE HAVE THE OFFICIAL ENDORSEMENT OF THE AMERICAN GOVERNMENT TO CREATE CREDIT STIMULA WHICH WILL NOT BE QUESTIONED..." O ESTADO'S EDITORIAL ADDS THAT "SIMON'S VISIT ALLOWED (BRAZIL) TO GAIN ON THE ECONOMIC LEVEL WHAT HAD BEEN UNCLASSIFIED

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SETTLED WITH HENRY KISSINGER OF THE POLITICAL LEVEL: A PERMANENT AND INSTITUTIONALIZED SYSTEM OF CONSULTATION", AND STATES THAT "UNDoubtedly, PRESIDENT GEISEL'S TRIPS TO EUROPE, AFTER THE NUCLEAR AGREEMENT WITH WEST GERMANY, CONTRIBUTED MUCH TO FAVOR THIS CHANGE OF ATTITUDE ON PART OF THE U.S. TOWARDS OUR COUNTRY."

6. BUSINESS-ORIENTED GAZETA MERCANTIL'S BRASILIA BUREAU CHIEF SIDNEY BASILE WROTE, UNDER THE HEADLINE "WHAT SIMON AND SIMONSEN

ARE GOING TO SAY AT HOME?", THAT "SIMON'S VISIT TO BRAZIL IS NOT OVER YET, BUT IT IS ALREADY POSSIBLE TO HAVE AN IDEA OF WHAT HE WILL SAY BACK HOME. THIS IS IN THE HEADLINES OF BRAZILIAN NEWS-PAPERS BUT, QUITE CERTAINLY, WILL APPEAR ONLY ON INSIDE PAGES OF U.S. NEWSPAPERS. ON THE BRAZILIAN SIDE, HOWEVER, IN SPITE OF FACT MINISTER SIMONSEN MADE CLEAR THAT BRAZILIAN EXPORTERS SHOULD NOT AFEAR THE FUTURE, THERE IS AN UNDERLYING DEADLOCK, WHOSE SOLUTION HAS BECOME DIFFICULT: THAT IS, HOW TO PRESERVE THE LEGS OF THE TRIPOD COMPOSED BY STATE CONTROLLED ENTERPRISE, NATIONAL AND MULTINATIONAL PRIVATE COMPANIES. WHAT WILL MINISTER SIMONSEN SAY AT HOME ABOUT THIS? (...) IT WAS MADE CLEAR THAT U.S. INVESTMENTS IN BRAZIL WILL HAVE AN EXPRESSIVE INCREASE, PROVIDED THAT BRAZIL GIVES THE FOLLOWING GUARANTEES AS SAID GERALD PARSKY: 1) PROFIT REMITTANCES; 2) SHARE PARTICIPATION WITH RIGHT TO VOTE; 3) GUARANTEE AGAINST NATIONALIZATIONS (...) OBSERVERS OF BRAZILIAN ECONOMIC POLICIES CONSIDER...THAT PERHAPS THIS IS THE MOMENT FOR SIMONSEN TO MAKE CLEAR THAT THE CONTROL OF BASIC AND CAPITAL GOODS INDUSTRIES MUST REMAIN UNDER BRAZILIAN CONTROL. (...) SIMON'S VISIT OCCURS WHEN DEBATE ON STATE CONTROL OF THE BRAZILIAN ECONOMY REACHES ITS CLIMAX. THE BIG INVESTMENTS BY U.S. MULTINATIONAL COMPANIES PROMISED BY SIMON MAY BE NECESSARY IN OUR BALANCE OF PAYMENTS AND, THUS, AVOID THE UNPLEASANT POSSIBILITY OF RESCHEDULING OF DEBTS (...) SOME ANALYSIS OFTEN RECALL, IN BRASILIA, THAT IF THE HIGH DEGREE OF MULTINATIONAL COMPANY PARTICIPATION IN BRAZIL'S ECONOMY IS RECOGNIZED BY EVERYBODY, THERE STILL WILL BE MUCH DEBATE ON WHETHER IT IS POSITIVE OR NEGATIVE. (...) ON THE OTHER SIDE, THE CAMPAIGN AGAINST STATE CONTROL OF OUR ECONOMY IS DIRECTED IMPLICITY AGAINST THE SECTORS OF ENERGY, COMMUNICATIONS AND CREDIT. (...) THUS, THE ISSUE OF STATE CONTROL OF THE ECONOMY IS RELATED TO THE DILEMMA OF KEEPING NATIONAL ASSETS IN BRAZILIAN HANDS OR SELLING OUT."

7. JOELMIT BETTING'S COMMENTARY TITLED "THE ARMISTICE"
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IN LIBERAL FOLHA DE SAO PAULO SAYS THAT "BRAZIL AND THE U.S. HAVE JUST CELEBRATED A KIND OF ARMISTICE IN THE WAR OF SURTAX VERSUS SUBSIDY... THE EXCHANGE OF CONCESSIONS PUTS ASIDE AN EVENTUAL COLLISON OF INTOLERANCES THAT THREATENED A PROCESS TOWARDS TRADE REPRISAL AND ECONOMIC RETALIATION WHICH WOULD BE HARMFUL TO BOTH ...AFTER ALL, THERE IS NO PLACE FOR FRIENDS NOR ENEMIES IN THE ECNOMIC RELATIONS BETWEEN PEOPLE, ONLY BUSINESS."

8. SAME PAPER'S BRASILIA CORRESPONDENT FLAVIO DE ALMEIDA SALLES COMMENTS THAT AFTER HEARING AND DISCUSSING IN BRASILIA HOW THE BRAZILIAN OFFICIALS INTENDED TO FACE THE TOUGHNESS OF AMERICAN TRADE LEGISLATION, SIMON APPARENTLY LEFT THE BRAZILIAN CAPITAL HAPPY AND WILL OBSERVE, IN THE FUTURE, THAT THE 'JEITINHO' (BRAZIL'S PARTICULAR WAY OF SOLVING PROBLEMS), FROM NOW ON ALLIED TO THE USG'S GOOD WILL, WILL LEAD TO A FORMULA THAT NO LAW WILL BE ABLE TO CRITICIZE:"

9. FOLHA ALSO REPOTRS THAT AMEMBASSY SOURCES IN BRASILIA DENIED RUMORS OF "DIVERGENCES BETWEEN KISSINGER'S GUIDELINES ON TRADE NEGOTIATIONS WITH BRAZIL AND THE ORIENTATION ADOP-TED BY SIMON DURING HIS VISIT." ACCORDING TO THE PAPER, SAME SOURCES AFFIRM THAT IMPORTANT THING NOW IS TO SOLVE THE UNCLASSIFIED

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ECONOMIC PROBLEMS BETWEEN THE TWO NATIONS AND THAT "BOTH THE STATE DEPARTMENT AND THE TREASURY DEPARTMENT ARE WORKING TOWARDS THIS GOAL."

10. BUSINESS-ORIENTED DIARIO COMERCIO E INDUSTRIA EDITORIAL HEADED "THE ACCORD OF BRASILIA" COMMENTS SPECI-FICALLY ON DECISIONS REGARDING BRAZIL'S INCENTIVES" FOR SOYBEAN OIL EXPORTS, REFUTING THE IDEA THAT APPLICABLE U.S. SURCHARGES ARE PROTECTIONIST MEASURES. "THE USG'S THROUGH

IS WELL KNOWN. IT IS (ACTION REQUIRED BY SECTION 301 OF TRADE ACT) A LEGAL PROVISION WHICH DEALS WITH BILATERAL TRADE. HAS ANYBODY IMAGINED THAT INCENTIVES TO EXPORTS IN FORM OF BONUS (ICM AND IPI) WOULD NOT BE PERCEIVED BY THE AMERICAN INDUSTRIAL SECTORS?", THE PAPER PONDERED. DIARIO COMERCIO E INDUSTRIA'S EDITORIAL CONCLUDED: "ARTIFICIAL, PROTECTIONIST-TYPE MEASURES MUST BE CAREFULLY CONSIDERED BEFORE BEING PUT INTO PRACTICE, SPECIALLY WHEN WE ARE FACING (AND IT IS NOT ONLY THE CASE OF THE BIG AMERICAN ECONOMIC GROUPS) AN IMMENSE, SUPREMELY WELL INFORMED FORCE (THE MULTINATIONALS) WHICH HAS QHICK CAPACITY FOR ACTION AND REACTION. SOLUTIONS MUST ALWAYS AIM AT A COORDINATED EXPANSION, NOT AT AN IMPULSIVE ONE, DICTATED SOLELY BY THE MOMENT BY IMMEDIATE RESULTS, WITH NO CONSIDERATION FOR THE FUTURE..."

11. SAME PAPER CARRIES CARTOON SHOWING SECRETARY SIMON AS TOURIST, ON A BOAT TRIP THROUGH THE AMAZON JUNGLE. A MONKEY HANGING ON A TRHEE SHOWS HIMA SIGN SAYING "DOLLAR," CHARMING SIMON FOR A PHOTO TAKEN.

12. SEVERAL NEWSPAPER REPORT ON IMPRESSIONS BY BRAZILIAN BANKERS AND BUSINESSMEN AFTER THEY MET WITH SIMON. PAPERS SAY THEY LEFT THE MEETING "UNSATISFIED" AND SOUND SIMON "TOO EVASIVE... EEL-LIKE, HARD TO CATCH." DIARIO COMERCIO E INDUSTRIA QUOTES THEOBALDO DE NIGRIS, PRESIDENT OF THE SAO PAULO STATE INDUSTRY FEDERATION: "GENERALITIES DO NOT BRING PERSPECTIVES, EXPECT IN THE MEDIUM AND LONG RANGE. WE GOT TOO OBVIOUS ANSWER FOR OUR QUESTIONS. ONE HAS TO REMEMBER THAT BRAZIL MUST BE GIVEN TREATMENT ADEQUATE TO ITS (PRESENT STAGE OF DEVELOPMENT. WE HOPE (SIMON'S) VISIT MAY GIVE HIM A BROAD KNOWLEDGE OF OUR COUNTRY AND THUS PROVIDE THS USG WITH THE INFORMATION NECESSARY TO RESPOND POSITIVELY TP BRAZIL."

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13. LONG LEAD EDITORIAL IN JORNAL DA TARDE, MAY 12, OF, " HUAMN RIGHTS AND MR. SIMO'S VISIT" EXPRESS PAPER'S "SURPRISE , SATISFACTTION, AND DISBELEIF" THAT SECRETARY WOULD MAKE THE COMMENTS ATTRIBUTED TO HIM IN CHILE. SURPRISE BECAUSE "WE'D NEVER NOTICIED THAT THE UNITED STATES HAD EVER CONDITIONED ITS COMMERCIAL TRANSACTIONS OR ITS ECONOMIC FINANCIAL AID TO THE EXISTANCE OF RESPECT FOR HUMAN RIGHTS IN THE ASSOCIATE COUNTRY." SATISFACTION BECAUSE SIMON PUBLICY EXPOUNDED VIEWS "WAICH FOR A LONG TIME HAVE BEEN OURS-- SUCH AS, FOR EXAMPLE, THAT LIBERTY IS INDIVISIBLE AND THAT ECONOMIC OBJECTIVES WILL BE COMPRISED IF BASIC HUMAN RIGHTS ARE NOT RESPECTED." EDITORIAL CONTINUES THAT THEIR DISBELIF STEMS FROM THE FACT THAT IS AN ELECTION YEAR AND SIMON MIGHT BE SPEAKING FOR EFFECT IN THE UNITED STATES AND FROM THE FACT THAT THE U.S. HAS NOT

TAKEN THE SAME VIEW WITH REGARD TO THE SOVIET UNION OR OTHER
SOCIALIST COUNTRIES BUT, TO THE CONTRARY, FINDS IT SELF
"INVOLVED IN TOUGH BATTLE WITH CONGRESS AND PUBLIC
OPINION TO CONVICE BOTH THAT COMMERCIAL INTERESTES OUGHT
TO PREVAIL OVER ANY CONSIDERATION OF HOW SUCH (TRADING) PARTNERS
DEAL WITH HUMAN RIGHTS MATTERS." THE PAPER CONCLUDES WORDERING
OF THESE QUESTIONS WERE DISCUSSED BETWEEN SIMON AND BRAZILIAN
AUTHORITIES AND WHETHER RIGHTS OF HABEAS CORPUS WILL BE
RESTORED IN BRAZIL "AS A FORM OF MAKING THE PILL MORE
PALATABLE FOR THE YANKEE INVESTOR HERE."
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